

SEATTLE HOUSING LEVY RENEWAL

1981 - 1986 - 1995 - 2002



ENHANCED PROPERTY MANAGEMENT

A Component of the Operating & Maintenance Trust Fund

A background paper for Levy Renewal discussions

Introduction to Enhanced Property Management

Examples of Enhanced Property Management

Funding History and Outlook

Implications for Levy Renewal

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ENHANCED PROPERTY MANAGEMENT SUMMARY

Introduction---Examples---Funding History and Outlook---Implications

□ What is Enhanced Property Management?

- ◆ **Extra support on-site at a housing project** to help tenants who are disabled or mentally ill, are transitioning out of homelessness, or have special needs.
- ◆ **Designed to keep tenants stable in their housing** and help them avoid eviction or other problems. One non-profit has found that enhanced property management has doubled the length of tenancy for its mentally ill residents.
- ◆ **Essential to the operation of a special needs housing project** and to the well-being of tenants and neighbors.

□ What does Enhanced Property Management include?

- ◆ **24 hour staffing at the building** to keep tenants safe and keep predatory visitors out of the building and out of tenants' apartments.
- ◆ **Housing stabilization assistance**, through on-site staff trained to recognize and deal with a mental health or addiction crisis and help the tenant get treatment before the crisis leads to eviction or other serious problems.
- ◆ **Coordination with community resources**, through on-site staff who can help a special needs tenant get health care, counseling, job training, or other services in the community.

□ Examples of Enhanced Property Management

- ◆ **Pacific Hotel** has staff to help formerly homeless tenants make the transition into permanent housing.
- ◆ **Dorothy Day House** for formerly homeless women is managed by its tenants as a way to help them learn independent living skills.
- ◆ **Bryant House** for formerly homeless youth provides intensive support on-site to help the youth gain basic living skills.
- ◆ **Frye Hotel** for disabled and formerly homeless tenants provides round-the-clock support to help tenants remain stable and housed.

□ Funding History and Outlook

- ◆ **Local funding was initiated as part of the Operating & Maintenance Trust Fund in 1995 Housing Levy.** Following experience with special needs housing created through 1986 levy, the 1995 levy's O&M Trust Fund included a set-aside for enhanced property management services. *(The O&M Trust Fund made up 10% of the 1995 levy; the enhanced property management set-aside, at 5% of levy funds, was added to the O&M Trust Fund for a total of 15% of levy funds.)*
- ◆ **Federal McKinney Program funds** currently provide \$2 million annually for enhanced property management services for 350 units in 17 projects in Seattle, out of a total of \$7 million in McKinney funding available each year for homelessness services. Only limited McKinney funds are available for new projects.
- ◆ **'Project-based' Section 8 Vouchers could support enhanced property management:** Seattle Housing Authority policies allow up to 25% of its 5,664 rent vouchers to be 'project-based,' and can include funds for enhanced property management services. Section 8 vouchers must be renewed by the Federal government each year.

□ Implications for the Levy

- ◆ **Enhanced property management funds should no longer be set aside from other property management funds within the O&M Trust Fund.** These funds are essential to building operation for buildings housing special needs tenants and should be included as part of the O&M Trust Fund, not as a special set-aside.
- ◆ **The amount of funding needed for enhanced property management from a new levy should be considered in the context of overall financial sustainability issues and in discussions related to sizing the O&M Trust Fund.** A separate report is being prepared on long-term financial sustainability issues.

WHAT IS ENHANCED PROPERTY MANAGEMENT?

Enhanced Property Management provides extra support on-site at a housing project for people who have special needs.

Every housing project needs property management. Every housing project – from a high-end condominium development to the average apartment building – requires some level of ongoing property management to attract and retain tenants. A housing project's operating budget will reflect the need for property management, including funding for maintenance staff and supplies, landscaping, security, utilities, garbage pickup, etc. Depending on where a housing project is located, how it is constructed, and how many people it houses, it may need to offer different levels of maintenance, security, and support for its tenants.

Housing projects for people with mental or physical disabilities, for people who are transitioning to permanent housing after being homeless, or for those with other special needs generally need to offer higher levels and different types of support for their tenants than does housing for people who are not disabled. Since tenants with special needs confront a number of barriers to success in daily life, having some type of support on-site at the housing project and immediately available is essential to their continued well-being.

These on-site services to help tenants with special needs are termed 'enhanced property management.' Enhanced property management supports special needs tenants in their day-to-day life, and is as crucial to the success of a building housing this type of tenant as any of the other services typically referred to as property management are to a building housing people who are not disabled.

Enhanced Property Management is designed to keep tenants stable in their housing, to lower tenant turnover and help prevent tenants from being evicted.

Tenant turnover is costly for any landlord. Turnover imposes the costs of preparing a unit to be rented, marketing the unit, losing rent while the unit is vacant, and screening a new tenant. Turnover is even more costly in a special needs housing project, though, not only because of these normal costs, but also because of the added costs to the tenant, who may, if evicted, lose his or her only source of stability and become homeless.

The central goal of enhanced property management is to provide additional support on-site at a housing project to keep tenants with special needs stable and to help them avoid problems that might lead to their eviction or to losing their housing for other reasons.

Plymouth Housing Group (PHG), a non-profit housing developer that houses people with mental illness and other special needs, has experienced firsthand the value of enhanced property management in preventing tenant turnover. PHG staff have found that tenants' lifelong struggles with emotional and mental dysfunction do not disappear following six months in stable housing. Often, in fact, these tenants need continued support long after they have moved into stable housing. PHG's own tenant turnover rates bear out these observations:

- In 1996, before PHG instituted enhanced property management services at its buildings, the average length of stay for a special needs tenant was 18 months.
- During the first year in which enhanced property management services were added, tenant length of stay increased by 6 months.
- Today, the average PHG tenant stays in housing for 36 months, a figure that exceeds the norm for low-income housing.
- In general, 89% of PHG's formerly homeless tenants remain in their housing at six months, and, of these tenants, 91% remain in their housing after one year.

Enhanced Property Management is essential to the operation of a special needs housing project as well as to the well-being of special needs tenants and their neighbors.

Just as adequate security and attractive landscaping are essential to help a private-market apartment building attract and retain tenants, so enhanced property management is essential to the success of a building housing people with special needs. These tenants cannot live independently without some level of on-site support, and their failure to receive this assistance with daily living can, in the long term, hurt both the building and the neighborhood around it.

Enhanced property management, as it has been defined in the Seattle housing levy, includes:

- **24-hour staffing to keep tenants safe and prevent predatory visitors.** A serious challenge in housing disabled people is preventing problems that are created by predatory visitors. Frail elderly and mentally ill people are often targets for predators; and victims of domestic violence may experience further victimization from their former partners. In fact, the behavior of unwanted, predatory visitors, rather than the behavior of the mentally ill tenants themselves, is the most frequent cause for eviction among the mentally ill. Often these 'guests' are addicts who have pressured the tenant into giving them access to a building or apartment unit for illegal activities. When this happens, the tenant, other building tenants, and the neighborhood are all placed at risk.

In a building with enhanced property management, a secure front desk staffed 24 hours a day largely solves this problem. Visitors can be monitored easily, and tenants have a mechanism to prevent predatory visitors from entering their units.

- **Housing stabilization assistance to help disabled tenants keep their housing and avoid being evicted.** A second serious challenge in operating buildings for disabled people is keeping them stable as their various health care needs are met. People with chronic mental illness, for example, will experience periodic mental health crises. These crises need not disrupt their tenancy nor pose any serious threat to others – assuming, that is, they receive treatment early in a crisis.

In a building with enhanced property management, a Housing Stabilization Coordinator or other property management staff will be on site at the building and will be trained to recognize the early symptoms of a mental health crisis or alcohol or drug abuse. In many cases, staff at a housing project with enhanced property management recognize the warning signs of a relapse into mental illness before it is obvious to a clinic-based health care provider, and can help a tenant seek treatment before an emerging crisis spirals out of control and leads to eviction and homelessness.

- **Coordination with community resources to help disabled tenants find health care, counseling, job training, or other services.** A third challenge in housing people with special needs is coordinating community-based resources. A severely disabled tenant may receive care from a number of different providers, including health care, mental health care, addiction services, and protective payeeship (assistance with money management). Families who are transitioning out of

homelessness may require considerable support in achieving stable tenancy through assistance in finding a job, securing health care, and finding specialized child care. Effective coordination with multiple community caregivers is critical to help a tenant with special needs become stable.

In a building with enhanced property management, staff will help tenants coordinate their health care and other needs and will communicate with caregivers about the needs of their tenants.

EXAMPLES OF ENHANCED PROPERTY MANAGEMENT

Pacific Hotel – Plymouth Housing Group

The Pacific Hotel, which is owned and operated by Plymouth Housing Group, consists of 113 single-room-occupancy, studio, and one-bedroom units for people transitioning out of homelessness. Plymouth sets aside some of the units specifically for clients of the Northwest AIDS Foundation and for several mental health agencies.



The Pacific provides a live-in manager, two live-in assistant managers, four front desk staff, and two stabilization staff. These staff help tenants adjust to permanent housing during their first six months, and help them find appropriate mental health treatment, job training, and other services.

Enhanced property management accounts for 24% of the Pacific's total operating budget. Appendix A summarizes the budget.

Dorothy Day House – Archdiocesan Housing Authority

The Dorothy Day House has 41 units for homeless single women. Priority is given to the most vulnerable women.

Staff at Dorothy Day help the tenants participate in building management and, in the process, learn independent living skills. In addition, staff help tenants access job training, health care, mental health care, and other services.



Enhanced property management – including on-site staff, and food, postage, and supplies for tenant activities – accounts for about 26% of the building's operating budget. Appendix B summarizes the budget.

Bryant House – Low Income Housing Institute



Bryant House is home to five formerly homeless youth ages 18-24. It is owned by the Low Income Housing Institute (LIHI), which contracts with the Church Council of Greater Seattle's Independent Living Program to provide enhanced property management at the building, including live-in supervision, housing stabilization, resource coordination, and permanent housing search skills.

LIHI staff note that because Bryant House tenants are very young a great deal of effort is expended to help them develop basic living skills so that they can eventually live independently. As a result, enhanced property management accounts for nearly half of Bryant House's \$53,000 annual operating budget. Appendix C summarizes the operating budget for Bryant House.

Frye Hotel – LIHI/Archdiocesan Housing Authority

The Frye Hotel in Seattle's Pioneer Square is owned by the Low Income Housing Institute (LIHI) and managed by the Archdiocesan Housing Authority (AHA). The building's 234 units house approximately 260 tenants, of whom some 78% are disabled and some 70% are formerly homeless.



To support the building's tenants, the Frye provides a full-time staff person on site through the Coming Home program, several Housing Stabilization workers to connect tenants with health care and other services, and a live-in Facilities Manager. In addition, AHA staff note that the tenant composition also requires more maintenance (through 1.5 additional janitorial staff members and more supplies) and higher legal costs.

Enhanced property management expenses make up about 11.5% of the Frye's operating budget. Appendix D summarizes the Frye's operating budget.

FUNDING HISTORY AND OUTLOOK

The need for housing with enhanced property management developed in several stages corresponding to the growing needs of a number of groups. These groups included:

- Mentally ill people leaving state institutions;
- Homeless people, both individuals and families, who grew in numbers as they were displaced by the destruction of cheap rental housing;
- Victims of domestic violence;
- Refugees from other countries, who arrived in great numbers during the 1970s, '80s, and '90s;
- People suffering from addictions; and
- Frail elderly and physically disabled people, who increasingly were housed in independent living situations.

Today, the elaborate institutional infrastructure of the past that served the disabled and frail elderly no longer exists. These systems were dismantled with the conviction that these groups could be maintained in independent living situations if they received adequate community-based services. Unfortunately, the de-institutionalization of frail elderly, mentally ill, and severely physically disabled people occurred too quickly. Communities had not yet developed the expertise nor the housing resources to adequately serve these populations. Coupled with the massive loss of cheap rental housing in the 1980s, these trends created the phenomenon of homelessness.

Following is a discussion of funding sources that have provided funding for enhanced property management in the past and/or can provide such funding in the future for new projects that serve residents that need enhanced property management to live successfully.

Federal McKinney Program

In response to this national problem, Congress passed the 1986 Stewart B. McKinney Homeless Assistance Act to provide the base of funds necessary to serve these homeless populations. This legislation has provided over \$1 billion annually to build housing and fund related services. In Seattle, McKinney provides over \$7 million annually for homeless programs, including \$2 million for enhanced property management in 17 projects with 350 units.

However, as of 1998, the Federal government provided little further capital funds through McKinney and could only provide for annual renewals of support services funded in previous years. The City of Seattle Office of Housing does not expect to receive significant additional McKinney funds for new projects. Staff anticipate funding for only one additional project a year.

Seattle Housing Levy Operating & Maintenance Trust Fund

The 1986 Seattle housing levy included funding to create housing units for people with special needs, as well as an Operating & Maintenance (O&M) Trust Fund to subsidize operations in buildings in which the tenant population was so low-income that rents could not cover operating costs. As projects from the levy were developed, it became increasingly clear that projects for people with special needs – typically for people with mental or physical disabilities or for people who were transitioning out of homelessness – needed more than basic operating support. They required on-site support to keep their tenants stable.

In response to this need, the 1995 housing levy included a set-aside within the O&M Trust Fund specifically for enhanced property management at projects that housed tenants with special needs.

The 1995 Levy provided a total of \$7,672,098 for the O&M Trust Fund (or approximately 15% of all levy funds). Funds are invested to attempt to provide annual subsidies to projects for a 20-year period. In 2001, \$843,570 was used to subsidize projects, funded from both the 1986 Levy and 1995 Levy O&M Trust Fund Programs.

TABLE 1. Housing Levy Operating & Maintenance Trust Fund

| Year | Total O&M Trust Fund Dollars Applied to Projects | Total Units Subsidized | Average Monthly Subsidy per Unit |
|------------------------|-------------------------------------------------------------|-------------------------------|-----------------------------------------|
| 1996 | \$480,743 | 268 | \$149.50 |
| 1997 | \$366,781 | 276 | \$140.92 |
| 1998 | \$548,377 | 367 | \$124.50 |
| 1999 | \$618,034 | 398 | \$129.42 |
| 2000 | \$729,442 | 454 | \$133.83 |
| 2001 (Jan-July) | \$843,570 | 504 | \$139.50 |

Source: City of Seattle Office of Housing

Section 8 ‘Project-based’ Vouchers. The Board of the Seattle Housing Authority, which manages some 5,664 Federal rent vouchers and certificates, recently approved a policy permitting up to 25% of its rent vouchers to be ‘project-based’ rather than ‘tenant-based.’ That means that instead of awarding rent vouchers to individual tenant families, SHA would award these vouchers to specific housing units. The ‘project-basing’ policy requires a competitive process and accepts applications from both for-profit and non-profit developers or owners. To be project-based, rental vouchers must be used for either homeless families or homeless individuals with special needs.

Project-based vouchers can be used as a partial source of funding for enhanced property management. In fact, SHA requires that any proposal to ‘project-base’ rental vouchers must also include a proposal to provide enhanced property management services at the housing project to keep tenants stable. When it awards project-based vouchers, SHA will assign a value to the vouchers based on the real costs of operations and enhanced property management required in each project proposal. Thus, there may be considerable variation of the value assigned to the subsidy depending on the service and management needs of each project and the population it will serve. Vouchers must be renewed by the federal government each year.

Private funding sources. The Bill & Melinda Gates Foundation’s Sound Families Initiative provides \$1,500 per unit for enhanced property management for five years for projects it funds. This funding source, as well as other private sources, can provide some assistance to units for tenants with special needs. The non-profit housing development community continues to solicit additional philanthropic support for enhanced property management. Private donations contribute to housing operations in many of these organizations.

Mixed income housing. Mike Scott of Dupre + Scott Apartment Advisors has modeled mixed income buildings in which, over time, market-rate rents might subsidize the enhanced property management required for units for disabled and homeless persons within the same building.

IMPLICATIONS FOR THE HOUSING LEVY

No single source of local funding can substitute for the enhanced property management funding that the Federal McKinney program has provided over the past decade for housing projects for formerly homeless and severely disabled people. McKinney funds, as noted above, will not be lost for existing projects, but will be very limited for new projects.

The levy O&M Trust Fund, when combined with Section 8 revenue, can provide some of the funds needed to provide enhanced property management in some projects, though not nearly at the numbers achieved in the past with McKinney funds.

As a new levy is planned, the following lessons from current and past levy-funded projects may be applied:

- ◆ **Enhanced property management funds should no longer be set aside from other property management funds within the O&M Trust Fund.** The 1995 levy's O&M Trust Fund included a special set-aside for enhanced property management. However, as the examples profiled in this paper show, it is difficult to distinguish between regular and enhanced property management needs for special needs housing projects. Thus, instead of a set-aside, the funds should all be placed directly in the O&M Trust Fund, with each project evaluated separately based on its tenants' needs for supportive services.
- ◆ **The amount of funding needed for enhanced property management from a new levy should be considered in the context of overall financial sustainability issues and in discussions relating to sizing the O&M Trust Fund.** A separate report is being prepared on long-term financial sustainability issues.

| APPENDIX A: Pacific Hotel Plymouth Housing Group | | | |
|-----------------------------------------------------|-------------------------------------|----------------------------------|------------------------|
| | 2002 TOTAL Budget With EPM Svcs. | 2002 Budget Without EPM Svcs. | Comparison Variance |
| INCOME | | | |
| Tenant Paid Rent | \$327,385 | \$327,385 | \$0 |
| Section 8 SRO Subsidy | \$255,377 | \$255,377 | \$0 |
| Vacancy Loss | (\$18,430) | (\$18,430) | \$0 |
| SHP McKinney | \$31,500 | \$0 | \$31,500 |
| Fundraising | \$48,980 | \$0 | \$48,980 |
| Other: Interest Income | \$19,586 | \$19,586 | \$0 |
| TOTAL INCOME | \$664,398 | \$583,918 | \$80,480 |
| EXPENSES – ADMINISTRATION | | | |
| Admin/General | \$29,138 | \$29,138 | \$0 |
| On-Site Salary (mgt/desk security) | \$182,551 | \$106,250 | \$76,301 |
| On-Site Services | \$47,698 | \$0 | \$47,698 |
| Off-Site Management | \$32,786 | \$32,786 | \$0 |
| Benefits | \$68,891 | \$36,652 | \$32,239 |
| Audit | \$7,500 | \$7,500 | \$0 |
| Legal | \$5,000 | \$5,000 | \$0 |
| Insurance/Interest expense | \$68,883 | \$68,883 | \$0 |
| Taxes/fees | \$5,545 | \$5,545 | \$0 |
| Office equipment, supplies, services | \$13,500 | \$11,200 | \$2,300 |
| EXPENSES - MAINTENANCE | | | |
| Materials | \$4,200 | \$4,200 | \$0 |
| Janitorial Supplies | \$7,800 | \$5,000 | \$2,800 |
| Contract Maintenance | \$7,463 | \$7,463 | \$0 |
| Fire Safety | \$1,700 | \$1,700 | \$0 |
| Other: Furniture | \$10,500 | \$10,500 | \$0 |
| EXPENSES - UTILITIES | | | |
| Oil/Gas/Steam | \$18,931 | \$18,931 | \$0 |
| Electricity | \$20,830 | \$20,830 | \$0 |
| Water/Sewer/Garbage | \$45,500 | \$45,500 | \$0 |
| EXPENSES - RESERVES | | | |
| Replacement | \$16,653 | \$16,653 | \$0 |
| Operating | \$15,980 | \$15,980 | \$0 |
| Debt Service | \$72,732 | \$72,732 | \$0 |
| TOTAL EXPENSES | \$683,781 | \$522,443 | \$161,338 |
| NET OPERATING INCOME* | (\$19,383) | \$61,475 | (\$80,858) |

*Deficit will be made up through fundraising or operating reserves.
EPM = Enhanced Property Management

| APPENDIX B: Dorothy Day House Archdiocesan Housing Authority | | |
|-------------------------------------------------------------------------|---------------------------------------------------------------------|----------------------------------------------------------------------|
| | 2002 Budget WITHOUT Enhanced Property Management | 2002 Add'l Costs for Enhanced Property Management |
| INCOME | | |
| Tenant Paid Rent | \$26,520 | |
| Section 8 SRO Subsidy | \$109,584 | |
| SHP McKinney | | \$25,423 |
| Other Revenue | | \$4,000 |
| Commercial Tenant Rent | \$77,927 | |
| City Housing Levy Revenue | \$30,521 | |
| NSF & Late Charges | \$250 | |
| Damage & Cleaning | \$400 | |
| Vacancy Loss | (\$6,000) | |
| TOTAL INCOME | \$239,202 | \$29,423 |
| EXPENSES | | |
| Advertising | \$500 | |
| Salary - Security/Front Desk | | \$24,148 |
| Office and other Supplies | \$4,056 | \$250 |
| Training & Education | \$500 | |
| Postage | \$600 | \$100 |
| Management Fee + (overhead + SHP Grant) | \$11,998 | \$3,827 |
| Salary - Program Director | \$21,881 | \$9,946 |
| Salary - Resource Coordinator | \$0 | \$28,052 |
| Salary – Business Manager | \$20,170 | |
| Auditing Costs/Compliance Monitoring Fee | \$7,744 | |
| Accounting/Bookkeeping | \$4,920 | |
| Telephone | \$5,340 | |
| Professional Fees – Legal | \$2,000 | |
| Employee Benefits (all benefits/taxes) | \$8,294 | \$19,248 |
| Tenant Support (materials for events) | | \$3,000 |
| Food & Beverage | \$0 | \$250 |
| Misc. Administration | \$400 | |
| Tenant Screening Fee | \$920 | |
| Security Contract | \$1,010 | |
| Parking Lot Rental | \$4,778 | |
| Electricity | \$16,030 | |
| Water | \$2,469 | |
| Sewer | \$4,940 | |

*Purple cells indicate changes that would happen if services budget could fully support services that are provided.

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| Dorothy Day House Archdiocesan Housing Authority | | |
|-----------------------------------------------------|-----------------------------------------------------------|------------------------------------------------------------|
| | 2002 Budget WITHOUT Enhanced Property Management | 2002 Add'l Costs for Enhanced Property Management |
| Trash Removal/Garbage | \$3,450 | |
| Janitorial Supplies | \$6,251 | |
| Salary - Maintenance Staff | \$13,174 | |
| Maintenance Material | \$2,500 | |
| Maintenance Repair Contracts | \$9,163 | |
| Elevator Permit Fee | \$220 | |
| Misc. Operation & Maintenance | \$446 | \$239 |
| Property Taxes | \$10,300 | |
| Hazard Insurance | \$9,176 | |
| Operating Reserve Account | \$6,335 | |
| TOTAL EXPENSES | \$179,565 | \$89,060 |
| NET PROGRAM INCOME | | |

| APPENDIX C: Bryant House Low Income Housing Institute | | | |
|----------------------------------------------------------|-------------------------------------|----------------------------------|------------------------|
| | 2002 TOTAL Budget With EPM Svcs. | 2002 Budget Without EPM Svcs. | Comparison Variance |
| INCOME | | | |
| Rent | \$5,385 | \$14,250 | (\$8,865) |
| City of Seattle – McKinney | \$37,076 | \$0 | \$37,076 |
| O&M Levy Trust Fund Subsidy | \$10,978 | \$12,270 | (\$1,292) |
| TOTAL INCOME | \$53,439 | \$26,520 | \$26,919 |
| EXPENSES – SERVICES | | | |
| LIHI Program Coordinator | \$1,750 | \$9,375 | (\$7,625) |
| SJI/YAILP/HOP Program Director | \$8,236 | \$0 | \$8,236 |
| SJI/YAILP/HOP Resource Coordinator | \$3,031 | \$0 | \$3,031 |
| SJI/YAILP/HOP Occupancy Coordinator | \$3,171 | \$0 | \$3,171 |
| Direct Client Assistance | \$450 | \$450 | \$0 |
| Subtotal Supportive Services | \$16,638 | \$9,825 | \$6,813 |
| EXPENSES – OPERATING | | | |
| YAILP/HOP Resident Facilitator | \$12,810 | \$0 | \$12,810 |
| Background Checks | \$105 | \$105 | \$0 |
| Hiring & Recruiting | \$300 | \$100 | \$200 |
| Seminars & Conferences | \$250 | \$100 | \$150 |
| LIHI Property Management Fee | \$4,275 | \$3,182 | \$1,093 |
| Legal Expenses | \$750 | \$750 | \$0 |
| Program Rent | \$800 | \$0 | \$800 |
| Audit Expense | \$364 | \$364 | \$0 |
| Program Fees – CCGS | \$5,045 | \$0 | \$5,045 |
| Telephone | \$1,800 | \$1,800 | \$0 |
| Water/Sewer/Garbage | \$1,790 | \$1,790 | \$0 |
| Electricity | \$850 | \$850 | \$0 |
| Gas | \$1,781 | \$1,781 | \$0 |
| Cleaning Supplies/Office Supplies | \$1,000 | \$1,000 | \$0 |
| Gas/Mileage/Parking | \$500 | \$100 | \$400 |
| Repairs & Maintenance | \$1,250 | \$2,000 | (\$750) |
| Property Tax Expense | \$113 | \$113 | \$0 |
| Liability Insurance | \$1,035 | \$1,035 | \$0 |
| Operating Reserve | \$1,000 | \$1,000 | \$0 |
| Replacement Reserve | \$625 | \$625 | \$0 |
| Subtotal Operating Expenses | \$36,443 | \$16,695 | \$19,748 |
| TOTAL EXPENSES | \$53,081 | \$26,520 | \$26,561 |
| NET | \$358 | \$0 | \$358 |

EPM = Enhanced Property Management

| APPENDIX D: Frye Hotel Apartments Archdiocesan Housing Authority, Manager - LIHI, Owner | | | |
|--------------------------------------------------------------------------------------------|-------------------------------------|----------------------------------|------------------------|
| | 2002 TOTAL Budget With EPM Svcs. | 2002 Budget Without EPM Svcs. | Comparison Variance |
| INCOME | | | |
| Rents, Commercial Rents, Fees | \$1,857,067 | \$1,857,067 | \$0 |
| Vacancy Loss | (\$137,322) | (\$137,322) | \$0 |
| O&M Levy Trust Fund Subsidy | \$45,081 | \$0 | \$45,081 |
| Other: Interest Income | \$9,000 | \$9,000 | \$0 |
| CDBG - City of Seattle | \$12,550 | \$0 | \$12,550 |
| Fundraising | \$23,170 | \$0 | \$23,170 |
| Coming Home Program | \$38,100 | \$0 | \$38,100 |
| TOTAL INCOME | \$1,847,646 | \$1,728,745 | \$118,901 |
| EXPENSES – ADMINISTRATION | | | |
| Admin/General | \$61,500 | \$61,500 | \$0 |
| On-Site Salary | \$352,065 | \$284,212 | \$67,853 |
| On-Site Social Services Salaries | \$79,646 | \$0 | \$79,646 |
| On-Site Social Services Benefits, Tax | \$26,620 | \$0 | \$26,620 |
| On-Site Benefits, Taxes | \$115,215 | \$92,287 | \$22,928 |
| Off-Site Management | \$121,012 | \$121,012 | \$0 |
| Audits, accounting | \$48,280 | \$48,280 | \$0 |
| Legal | \$9,000 | \$7,000 | \$2,000 |
| Insurance | \$137,630 | \$137,630 | \$0 |
| Taxes | \$9,000 | \$9,000 | \$0 |
| EXPENSES – MAINTENANCE | | | |
| Materials | \$21,500 | \$18,000 | \$3,500 |
| Janitorial Supplies | \$10,300 | \$8,000 | \$2,300 |
| Contract Maintenance | \$43,000 | \$43,000 | \$0 |
| Other | \$27,000 | \$27,000 | \$0 |
| EXPENSES – UTILITIES | | | |
| Oil/Gas/Steam | \$101,000 | \$101,000 | \$0 |
| Electricity | \$65,100 | \$65,100 | \$0 |
| Water/Sewer/Garbage | \$125,800 | \$125,800 | \$0 |
| EXPENSES – RESERVES | | | |
| Maintenance | \$55,680 | \$55,680 | \$0 |
| Operating | \$25,960 | \$25,960 | \$0 |
| Program Expenses (Service Related) | \$12,635 | \$0 | \$12,635 |
| Debt Service | \$430,151 | \$430,151 | \$0 |
| TOTAL EXPENSES | \$1,878,094 | \$1,660,612 | \$217,482 |
| NET OPERATING INCOME | (\$30,448) | \$68,133 | (\$98,581) |

NOTE: The Frye suffered damage during the 2001 earthquake, which resulted in vacancies.
Private and public funds will be used to repair the building.
EPM = Enhanced Property Management